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THE WHYS AND THE HOWS

Expleo Group to consolidate all its businesses into listed Company

LEGAL
SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021

SLUMP SALE
Lakshmi Machine Works Limited Creates SPV for Advance Technology Business for Aviation

DIVESTMENT
Separation of NON-Core Assets: A faster way for Divestment of Core Business

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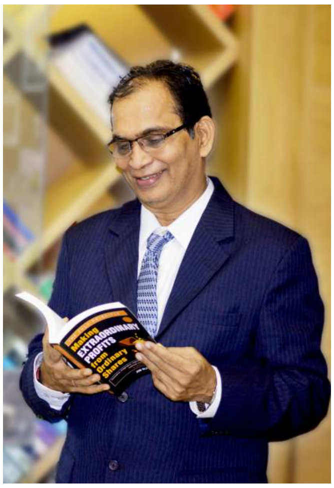

IPOs, Unicorns, Mergers and Acquisitions are becoming a common place in every conversation in Corporate India. Rising to the 20th place in the startup-ecosystems enabling 26 Unicorns to emerge this year till now to multiple companies filing for IPOs every other week restructuring and/or consolidation various companies in the same group, all signally revival of the economy. These strong headwinds could realize our governments dream to reach $5 trillion economy in next few years. The government and the private sector need to realize that we need to keep the economy boat strong to avoid mishaps. Changes in the Regulatory, Physical and Digital Infrastructure of the nation are required to make it strong, flexible and resilient whilst being transparent for all the stakeholders to make this work.

Expleo Global Group has filed the scheme to consolidate various subsidiaries and step-down subsidiaries which were because of two open offers and change in promotors. Before filing the scheme for merger, the foreign promotor transferred direct holding in one of the Indian subsidiaries for cash consideration to one of the other Indian subsidiaries. It seems to be a well thought value creation and strategic plan to capture synergies benefits and rationalization of human resources and customer acquisition cost.

Companies in aerospace segment need to create appropriate structure to capture huge opportunity in the sector, where it can invite technical, strategic and financial partners and also compliance with the stringent regulatory requirements. In pursuance of this, recently Lakshmi Machine Works Limited, a company pioneer in manufacturing textile machinery announced separation of a tiny unit. The transaction should give flexibility for LMW in terms of time, strategy, and financial structuring.

In what would be the standard in the future, Government of India announced a transaction for separation of Non-Core Assets and Divestment of Core Business simultaneously. The demerging of the non-core assets paves the way for new owners to look at only the core business without worrying about the other non-core assets and liabilities associated with the same.

Our legal article looks at the merged and refined SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021. We have analyzed and noted the changes most significant to Employees and its Employers (i.e., listed companies).

Along with our regular features
Happy Reading....

Dr. Haresh Shah


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THE WHYS and THE HOWS

SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021

Sanket Joshi

Earlier there were two separate regulations, SEBI (Share Based Employee Benefits) Regulations, 2014 and SEBI (Issue of Sweat Equity Regulations), 2002 which provided framework for issuance of employee share based benefit scheme and sweat equity shares respectively, applicable to all listed companies.

SEBI (Share Based Employee Benefits) Regulations, 2014 were applicable to the following schemes –

(i) Employee Stock Option Schemes

(ii) Employee Stock Purchase Schemes

(iii) Stock Appreciation Rights Schemes

(iv) General Employee Benefits Schemes

(v) Retirement Benefit Schemes.

For the issue of Sweat Equity shares, Securities and Exchange Board of India (Issue of Sweat Equity) Regulations, 2002 were applicable

SEBI approved the merger of above two regulations into single **SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021** ("New Regulations") in the Board Meeting held on 6th August 2021 with some amendments and refinements which is effective from August 13, 2021. New regulations are applicable for every "Listed Company" providing Employee Benefits / Share Incentive Schemes.

We have tried to analyze below the key amendments made by the SEBI based on the report given by the Expert Group constituted to revisit the framework of the above-mentioned regulations. SEBI has given more "clarity" on some points, some points are amended by inserting "new clauses" whereas some points are "newly added" in these regulations.

Key highlights of the changes under SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021

CHANGES SIGNIFICANT FOR THE COMPANIES: -

1. Mode of implementation of scheme –

In the New Regulations, SEBI has given the option to change the mode of implementation of scheme i.e., Direct Route to Indirect Route or vice versa by obtaining fresh approval of members for such change.

2. Composition of Compensation Committee –

SEBI has clarified that the composition of compensation committee shall be in line with the Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

3. Winding up of the Scheme –

Under the new regulations, with the approval of the shareholders, if the Company is having any other scheme, excess money or shares remaining with the trust upon winding up of the scheme can also be transferred to such another scheme.

4. In-Principal approval of recognized stock exchange –

In these New Regulations, SEBI has clarified that in-principal approval from stock exchange is required to be obtained "prior" to the grant of options.

5. Certificate from "Secretarial Auditor" –

Under the new regulations, SEBI has clarified that at each Annual General Meeting, Board of Directors of the Company is required to obtain the certificate from the "Secretarial Auditor" that scheme of share-based employee benefit has been implemented in accordance with regulatory provisions.

Secretarial Auditor being Practicing Company Secretary is deemed to having a good knowledge of regulatory provisions hence SEBI has clarified that the practicing Company Secretary shall issue certificate to the Company.

6. Buy-back of stock-options

To give more clarity on the buy-back of the stock options, new regulations provides that compensation committee is required to include the procedure for buy-back of specified securities including the details such as permissible sources of financing for buy-back, minimum financial threshold to be maintained, limit on quantum of securities that may be buy-back etc. while formulating the detailed terms and conditions.

7. Objective and Quantum of Sweat Equity Shares –

New Regulations clearly specifies when the Company can issue sweat equity shares to its employees and the maximum quantum of shares which can be issued. The same is in line with provisions of the Companies Act, 2013.

As per the New Regulations, Sweat Equity shares can be issued to the employees for providing know-how or making available rights in the nature of intellectual property rights or value additions.

Maximum quantum of sweat equity shares which can be issued in a year is 15 % of the existing paid-up equity capital and issuance of sweat equity shares shall not exceed 25% of the paid-up equity capital of the Company at any point of time.

8. Pricing of Sweat Equity Shares –

As per the New Regulations, pricing of the sweat equity shares shall be similar as to pricing of shares in case of preferential issue of shares given under Chapter V of the SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2018.

CHANGES SIGNIFICANT FOR THE EMPLOYEES: -

1. Definition of Employees for Schemes other than Issue of Sweat Equity Shares –

Considering the current practice followed by the various companies and to allow the Companies to share the benefit with the "Contractual Employees", SEBI has removed the the pre-condition of "Permanent Employee" to be eligible for the Share based employee benefits scheme. As per the new regulations now "Non-Executive Directors" are also eligible for such schemes.

Further, Employee (including directors) of a "Group Company" or "Associate Company" situated in India or outside India are also included in the definition of employee under New Regulations.

2. Definition of Employee for the purpose of issue of Sweat Equity Shares

SEBI has removed the pre-condition of "Permanent Employee" to be eligible for getting Sweat Equity Shares.

3. Vesting of Options in case of Retirement of Employee / Death of Employee–

The new regulations provide that options granted to the employees would "Continue to Vest" even after the retirement or superannuation of the employee.

Further, in case of death of the employee, now all the options granted under the share-based benefit scheme shall vest in the legal heirs or nominees of the deceased employee with effect from the date of death of such employee.

4. Lock-in period for Sweat Equity Shares –

In the new regulations, lock in period after issuance of sweat equity shares is linked with the lock-in period given under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.

Now, for the promoters or promoter group Lock-in period shall be 3 years from the date of allotment However, in case where the shares are issued to any person other than Promoter/ Promoter Group, the shares shall be locked in for a period of 1 year.

IN THE NEW REGULATIONS, SEBI HAS ALSO CLARIFIED THE FOLLOWING POINTS –

1. For Accounting purpose, the grant date will be determined in accordance with applicable Accounting Standards.

2. If variation in the scheme is required to meet any regulatory requirement, the same can be done "without" seeking shareholders approval by special resolution.

3. If the scheme has been implemented through Trust –

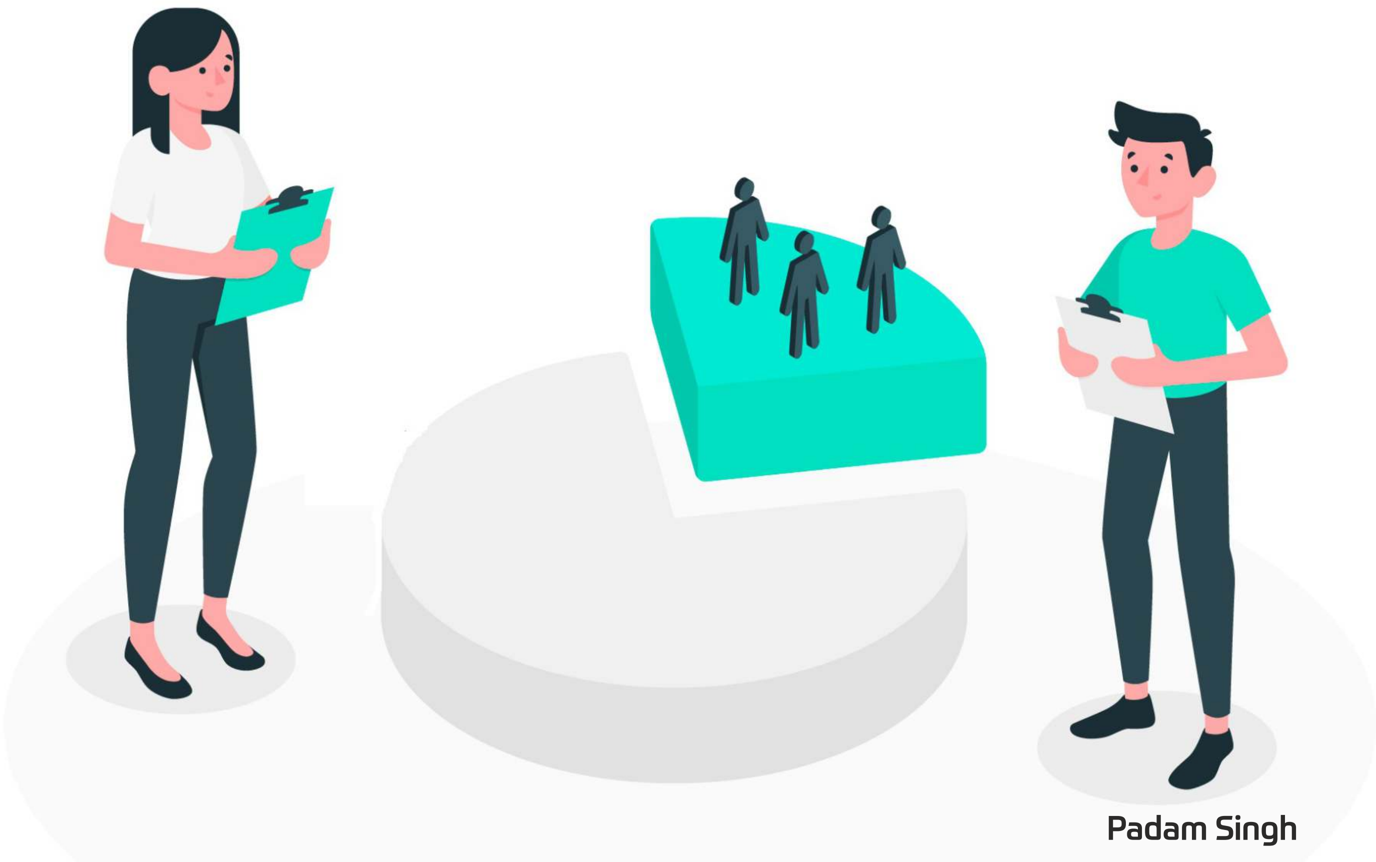
a. Limit on the acquisition of shares by Trust through secondary market shall be adjusted in case of expansion or reduction of capital on account of corporate action.

b. Trust has been granted additional period of 1 year to appropriate the shares acquired by it if the shares are not backed by the grants.

4. Procedure for funding the exercise of options/SAR is given under New Regulations.

Employee stock option plans provides an opportunity to reward employees who are recognized performers for the growth of an enterprise, by incentivizing them with an equity stake or a cash payout based on an equity stake. Amendments made by SEBI giving more clarity and giving some relaxation is a welcome move. This will also help the Companies to share the growth with more and more employees and implement the stock option scheme smoothly. Since various start-ups and other companies which are unlisted also provides the share-based employee benefits to its employees, Ministry of Corporate Affairs should also think of making amendments in line of this SEBI Regulations.

Lakshmi Machine Works Limited Creates SPV for Advance Technology Business for Aviation



Padam Singh

The Indian Aerospace Industry is growing significantly with the rising activities from both the defence and civil aviation sector. According to IBEF, the Indian aerospace & defence (A&D) market is projected to reach ~US$ 70 billion by 2030. Further, the government is taking several measures to boost domestic manufacturing. Companies, which are already in aerospace segment need to create appropriate structure to capture huge opportunity in the sector, where it can invite technical, strategic and financial partners and also compliance with the stringent regulatory requirements. In pursuance of this, recently Lakshmi Machine Works Limited, a company pioneer in manufacturing textile machinery announced separation of a tiny unit engaged in making structural, sheet metal parts, and engine components and sub-assemblies for leading Original Equipment

ATC business is not only minuscule but also struggling to grow and as a result continuously growing losses as percentage of Revenue.

Manufacturers in the aerospace business in India and abroad.

Overview of the companies:

Lakshmi Machine Works Limited (LMW) is a listed company engaged in the business of Textile Machinery Division, Machine Tool Division, Foundry Division and Advanced Technology Centre (ATC).

LMW Aerospace Industries Limited (LMWASIL) is a public limited company and is wholly owned subsidiary of the LMW. LMWASIL is yet to commence operations in the intended Aerospace business vertical. It is incorporated in March 2021.

The Transaction:

LMW filed a scheme for transfer of Advanced Technology Centre (ATC) business undertaking as Slump Sale and going concern basis to its wholly owned subsidiary LMWASIL. The turnover of transferred undertaking is ₹ 28.88 Crores in FY 2020-21 and net worth is Rs 17.08 crores which is minuscule as compared to turnover and net worth of LMW.

Rationale of the scheme:

The board, audit committee and independent directors meeting while approving the transaction has identified the following rationale.

As on date, the Company operates various business verticals /undertaking/ division viz. Textile Machinery Division, Machine Tool Division, Foundry Division and Advanced Technology Centre (ATC).

The ATC business undertaking of the Company has different capital, operating and regulatory requirements from the rest of the business verticals. Further, the Company is also desirous of scaling up the business operations within aerospace industry. All other divisions have similar operating requirements hence it will lead to inefficient operations and increased compliances if put in a separate legal entities. So, for regulatory reasons and to create focused organisation, the transaction in the present form is proposed.

Why Slump Sale through scheme:

The revenue and assets of the transfer business undertaking is miniscule compared to the entire company's revenue and assets. Slump Sale through execution of Business Transfer Agreement would have been easy in terms of compliances and time however, LMW decided to execute a slump sale through NCLT route.

Probable reasons of doing so may be:

1. The ATC business undertaking has some licences, registrations and approvals which may not get transfer if it is not done through the legal process of approval of NCLT. Annexure A to the scheme provides a list of such licenses must run the transferred business which are going to be transferred on Effective Date without any action on the part of The Transferee company.

2. Appointed date for the transaction is 1st April 2022. The reason for keeping prospective appointed date could be to have enough time available to get approvals from various government agencies by making representations as may be required by both companies. Clause 6 and 17.1 of the scheme specifically authorises the transferee company to start the process of obtaining licences and approvals as may be required even before The Appointed Date.

3. The Scheme is single window clearance from all the stakeholders including government authorities, employees, suppliers, lenders and customers.

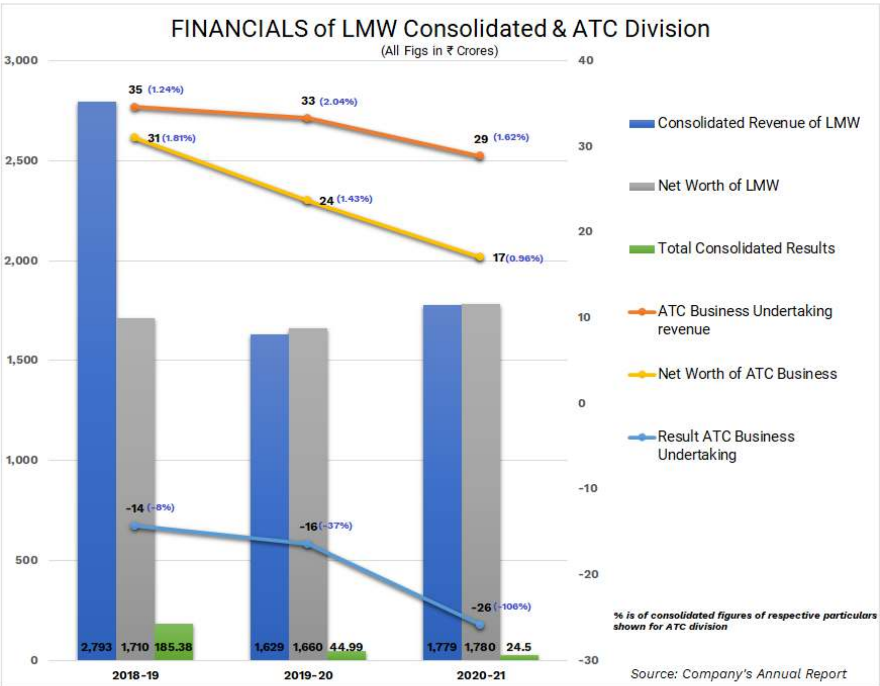
Why Slump Sale Not Demerger?

i. In case of a demerger of ATC business, ATC business would have been listed on exchanges which considering the miniscule size may not be feasible.

ii. Inviting a strategic partner in an unlisted company is far easy than in a listed entity, particularly when public shareholding is circa 70%.

Financial:

We give below financials for last three years.



Source: Company's Website and Annual Reports

From the above table it is obvious that ATC business is not only minuscule but also struggling to grow and as a result continuously growing losses as percentage of Revenue. Further also note that it is incurring expenses more than its revenue. Even Q1 of FY 22 also had similar results. Under the circumstances it is commercially and strategically difficult to have a listed entity with above financials and level of operations. Promotors of LMW has only 31% stakes so it is not feasible to dilute further by inviting partners. It will not create any value for stakeholders and the cost of raising funds and other costs also will be higher. It is neither feasible for promotors of LMW or partner to take stake in LMW directly hence Wholly owned subsidiary (WoS) is being created as special purpose vehicle (SPV) to invite strategic and/or financial partner who has interest in this business. It will also enable LMW to have substantial stake in the business even after dilution hence participate in growth in this business. So, structure is win-win for all concerned.

Accounting treatment:

Both Transferor and Transferee company will account as per appendix C 'Business combinations of entities under common control' of Ind AS - 103 'Business Combinations'. i.e., record assets and liabilities at their book value and difference between CCD issued and net assets shall adjust against capital reserve. As a result of the transaction, capital reserve of ₹73.80 crores will get created.
In this structure LMW has one incidental benefits of not reducing its net worth. In fact, capital reserve will be created.

The consideration for the ATC Business is ₹90.88 Crores which is based on the valuation done on 31st Dec, 2020 whilst the appointed date is 1st April 2022.

Though, it is transfer at book value by creating CCD of higher value as compared to net worth amounts to transfer at fair value without routing the difference through profit and loss account. However, in LMWASIL the balance of capital reserve will be negative.

Consideration

The consideration for the Scheme shall be a lump sum consideration of INR 90,88,00,000 / - (Rupees Ninety Crore Eighty-Eight Lakhs Only), determined as on the Valuation Date i.e., 31st December 2020 (arrived based on valuation report obtained from registered valuer) and adjusted by the increase/(decrease) in the Net Asset Value of the ATC business from the Valuation Date till the Appointed Date ('Purchase Consideration'). Thus, adjustment will be based on change in net worth and will not get adjusted for change in valuation of any assets as compared to its value on the valuation Date. LMWASIL will discharge the consideration by issue and allotment of Compulsorily Convertible Debentures ('CCDs') to the Company on the terms and conditions as set out in the Scheme. Number and amount of CCD will be arrived at after considering change in net worth as mentioned. Conversion will be at the end of 10 years and on conversion, equity shares will be issued at par.

Taxation implication:

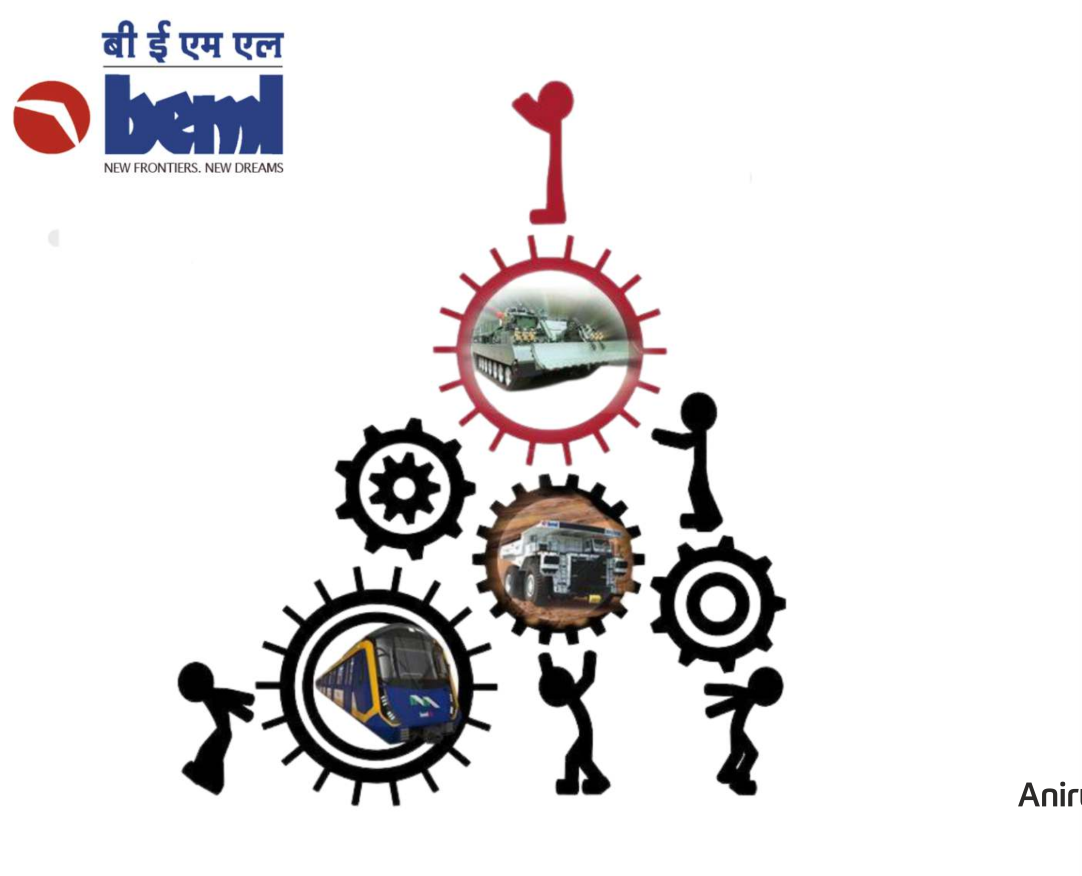
Transfer for the purposes of capital gain under the income tax Act ,1961 will be on Appointed Date I.e., 1st April,2022. LMW will not be liable to pay capital gain tax till LMWASIL continues to remain its WoS. Change in ownership of CCD will not change the relations between two companies.

Shareholding pattern of LMW and LMWASIL:

There is no change in number of shares of both the companies, as no shares are getting issued.

No doubt LMW has already done groundwork for last couple of years for creating undertaking in the business vertical having huge potential. The Indian aerospace & defence (A&D) market is projected to reach ~USD 70 billion by 2030, driven by the burgeoning demand for advanced infrastructure and government thrust. To capture full potential of the opportunity, it needs partners for sure. Still The business has not reached size which can attract strategic and financial partners. The structure gives flexibility to LMW in terms of time, strategy, and financial structuring as desired by incoming partners to create value for its stakeholders.

Separation of NON-Core Assets: A faster way for Divestment of Core Business



Anirudha Jain

"Government has no business to be in business" those words said by Hon'ble Prime Minister Shri. Narendra Modi clears the intention of Indian government of creating enabling environment for the smooth running of businesses and enterprises rather than having ownership in them. In pursuance of this, the government has set a target of raising ₹1.75 Trillion (~US $24 Billion) from divesting the government stake in PSU's.

Divestment programmed which is looked after by the Department of Investment and Public Asset Management (DIPAM) comprises of selling part/complete stake in state-owned businesses to the private sector or listing them on the stock exchange or diluting stake in already listed entities through "Offer for Sale."

Over a period, the government expanded into multiple capital-heavy businesses. Despite having ample resources, most of the PSU's failed to compete with a private player or create value by working efficiently due to lack of pro-business approach. The PSU's acquired properties for the business expansion/staffs, which are not getting utilised due to change in business plan or otherwise. Many of the properties are still lying idle with those entities and have now become surplus assets. Similarly, there are some liabilities attached to a company which dilute its fair value substantially and prospective buyers may not be willing to take over.

Divestment of PSU's are not new for Indian government. Post-liberalization, the government did a couple of divestments but later, it realized that the value fetched is far subdued as in most of the cases, professional approach was lacking. Significant value of those surplus

Taking lessons from the earlier deal, the government created professional team at DIPAM. It invites consultants to create an appropriate structure and increase value for all the stakeholders. The entire process is online and done in a transparent manner.

assets creates a hurdle to generate enough interest from private players as they are interested only in core business and not the baggage of unrelated assets and huge contingent liabilities.

To maximize value, the government evaluated the model of selling core business separately. One of the first precedence of this was the divestment of VSNL where the government had an agreement with Tata's (Acquirer of VSNL) to handover those surplus assets back to government. However, it took ~18 years of long struggle to demerge the surplus land of VSNL (now Tata Communications Limited) into a government company, Hemisphere Properties India Limited which resulted in significant value erosion for all the stakeholders and government.

BEML Limited ("BEML" or the "Company") is a Miniratna Category-1 public sector undertaking, under the administrative control of Ministry of Defence ("MoD"). The Company operates under 3 major business segments - viz. (a) Mining & Construction, (b) Defence & Aerospace and (c) Rail & Metro.

Its three major business verticals are serviced by its nine manufacturing units located at Bengaluru (Karnataka, India), Kolar Gold Fields("KGF") (Karnataka, India), Mysuru (Karnataka, India), Palakkad (Kerala, India) and Subsidiary - Vignyan Industries Limited.

Apart from this, the Company has land/property parcels ("Surplus Assets") spread across its various manufacturing facilities, corporate office, marketing and regional offices.

The President of India through the MoD holds 54.03% of the equity share capital of the Company. The Government of India ("GoI") has 'in-principle' decided to disinvest 26.00% of the equity share capital of BEML Limited through strategic disinvestment with transfer of management control ("Strategic Disinvestment" or "Transaction").

The Transaction

To make the deal more lucrative for strategic investors as well as to maximize the value for the government, the government has decided to hive off non-core assets.

BEML post-Identification of Surplus Assets, In March 2021, appointed consultant to start the process of hiving-off those assets and advice on the structure, regulatory, valuation and execution in a transparent manner. Meanwhile, Bids were invited to acquire 26% equity stake along with management control in the core business of the company. To facilitate the process, the company incorporated a wholly owned subsidiary BEML Land Assets Limited. To create substantial value for the government, it will continue to hold slightly more than 26% stake in the company but without the management control.

Through a recently proposed Scheme of Arrangement, the identified surplus assets of BEML will be transferred to BEML Land Assets Limited in the form of a demerger. The Appointed Date for the transaction will be the Effective Date. Post-Demerger, Resulting Company will have mirror-image shareholding and its shares will be listed on bourses.

Land and Properties of BEML as mentioned in the Information memorandum released by the government:

Particulars	Medium of measurement	Operational	Non-Operational/ Surplus	Total
BEML Land	Acres	1213	1733	2945
Flat / Offices / Guest House at various locations	Sq. Ft	10,62,614	36,591	10,99,205

In the approved Scheme, the surplus land of 973 acres with EM Division of BEML and 148 acres at Palakkad Division doesn't form part of assets getting transferred to BEML Land Assets Limited.

Other Salient Features of the Scheme

The Scheme also provides that in the event of sale of any of the surplus assets prior to the appointed date by the demerged company, sale consideration/proceeds thereof shall be retained by Demerged Entity in Escrow Account and shall not be transferred to the Resulting Company.

Divestment Status of BEML

In March 2021, the Government floated Expression of Interest (EOI) for the acquisition of 26% equity stake along with management control in the core business. The Government has shortlisted few bidders and the transaction is moving towards stage II where bidders are required to submit various transaction related documents and pricing.

The Surplus Assets will not form a part of the transaction. If the process of the demerger is not completed before the completion of the strategic disinvestment process, then a suitable mechanism shall be formulated to ensure that the proposed acquirer shall not get any stake in BEML Land Assets Limited.

This is likely to be executed through an immediate transfer of shares allotted to the proposed acquirer in the resulting company to the government. Appropriate exemptions are required to be given under the Income Tax Act, 1961 to safeguard the acquirer from any tax liability.

The proposed BEML demerger is the very first transaction of achieving separation of Non-Core Assets & Divestment of Core Business simultaneously.

Since BEML is a listed entity, acquisition of 26% of stake by any investor(s) would trigger a mandatory open offer (obligation for open offer triggers at 25%). Under Regulation 3 of SEBI Substantial Acquisition of Shares and Takeovers Regulations 2011, as amended ("SAST") the investor(s) will be required to make an offer to acquire an additional 26% from the public shareholders the moment its shareholding in the Company becomes 25% or more.

Creating a win-win transaction for all stakeholder

Clearly, the separation of surplus properties indicates thorough professionalism of the government. The move will not only provide the government to achieve divestment but also maximise the value for it. This move will fetch a lot of interest from private players to acquire core business which indeed results in the best price discovery. The surplus assets can be later monetised by strategic selling to a real estate player.

To accelerated efforts to hive off surplus lands, the government recently announced setting of a Special Purpose Vehicle (SPV). The SPV will handle all land/property related transaction.

Modification in Income Tax Act, 1961

To facilitate splitting up of public sector companies, the Central Government vide Finance Act 2021, has inserted Explanation 6 to Section 2(19AA) of the Income Tax Act, 1961. Explanation 6 provides that if any public sector companies transfer any asset to a resulting company, then it treats as a compliant demerger provided that the resulting company is a public sector company on the appointed date. Thus, if any assets which are not an undertaking is transferred by public sector companies to another public sector companies, then it is termed as compliant demerger as per section 2(19AA).

Effectively for compliant demerger as per section 2(19AA) of Income Tax Act, 1961, unlike any other companies, there is no requirement of transferred assets and liabilities to be "Undertaking" amongst others. Even a separation of assets/liabilities of a public sector company not constituting "Undertaking" is deemed to be a compliant demerger.

Why the Demerger Structure?

The government intention of de-linking the surplus assets from core business without having any identified acquirer and to share value of those assets transparently to all the stake holders including public shareholders the option of hiving-off assets through demerger with mirror shareholding is the best option. The proposed demerger will effectively be achieved:

- Seamless separation

Maybe, the government intends to consolidate all such surplus assets entities like Hemisphere Properties India Limited, BEML Land Assets Limited and future entities which will emerge due to divestment under the recently announced SPV.

- Protecting the interest of public shareholders as they remain invested in both entities
- Tax Neutral

BEML is one of the first transaction of achieving separation of Non-Core Assets & Divestment of Core Business simultaneously. This transaction is likely to set precedence for many other divestments in the coming future. The professional approach of the government is likely to create a substantial value for all the stakeholders including itself. It will be interesting to see how government further monetises surplus assets in the future.

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Health Care at HOME acquires SuVitas

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HealthCare atHOME (HCAH), a health-tech company, said it has acquired SuVitas Holistic Healthcare in a cash and stock deal. Following this, SuVitas will become a 100% subsidiary of the HCAH. Further details were unavailable. HCAH intends to take the business to 1,500 beds over the next 4-5 years. The company aims to have revenues of Rs800-1,000 crore during the same period compared with Rs100 crore now.

"Since inception, we have catered to over 20 lakh patients, including about 10 lakh patients during the COVID time. Currently, we cater to about 1.5 lakh patients in a month. We have a presence in over 70 cities," said Vivek Srivastava, co-founder & CEO, HCAH.

Antra Bhargava, CEO - SuVitas, said transition care is that part of the healthcare industry that bridges tertiary and home health care. That is the precise reason why SuVitas was conceptualised. Given the obvious synergies and the HCAH vision for India, all at SuVitas are excited to merge with HCAH India.

"We want to be the largest player in the chronic and pre and post-hospital care space in the country and effectively work as a hospital outside of the hospital though working in collaboration with the hospitals and doctors to provide a continuum of care to the patients…," added Srivastava.

Tata Steel interested in acquiring Vizag-based RINL: CEO T V Narendran

Domestic steel giant Tata Steel is interested in acquiring state-owned Rashtriya Ispat Nigam Limited (RINL), the company's Chief Executive Officer (CEO) and Managing Director T V Narendran said.

RINL, under the Ministry of Steel, owns and operates a 7.3 million tonnes plant in Visakhapatnam, Andhra Pradesh. It holds the distinction of being India's first shore-based integrated steel plant.

The Cabinet Committee on Economic Affairs (CCEA) on January 27, gave its 'in-principle' approval for 100 per cent disinvestment of government stake in RINL, also called Visakhapatnam Steel Plant or Vizag Steel, along with RINL's stake in its subsidiaries/joint ventures through strategic disinvestment by way of privatisation.

RINL has approximately 22,000 acre of land and enjoys access to Gangavaram Port, where raw materials such as coking coal etc arrives.

Since RINL is located on the eastern coast of India, the acquisition will give Tata Steel more access to the South East Asian markets -- where the company already has presence -- besides catering to the domestic needs of special steel through rail and road.

The CEO further said Tata Steel has submitted Expression of Interest (EoI) for Odisha-based steel maker Neelachal Ispat Nigam Ltd (NINL) as well. NINL is a joint venture company, in which four central PSUs -- MMTC, National Mineral Development Corporation (NMDC), Bharat Heavy Electricals Ltd (BHEL) and MECON -- and two Odisha government companies IPICOL and Odisha Mining Corporation (OMC) are shareholders.

The EOI has been submitted by Tata Steel Long Products Ltd, he said. Narendran said, "we have done the due diligence, we are participating in the process. I think we have some time to put in our bids etc. So, we will take a call, when we need to decide. We have submitted the EoI but not as Tata steel but as Tata Steel Long Products.

M&A Digest
www.mnacritique.com THE WHYS and THE HOWS

Kolkata-based Tata Steel Long Products is in the business of manufacturing high alloy steel, primarily for the auto sector and wire rope industry. With one million tonne capacity, it is one of the largest specialty steel plants in India in the long product segment.

Serum Institute buys 50% stake in packaging JV SCHOTT Kaisha

Serum Institute of India, the largest vaccine producer and manufacturer of biologics, has bought the 50% stake in the Indian packaging joint venture SCHOTT Kaisha from former co-owners Kairus Dadachanji and Shapoor Mistry.

The joint venture between Germany's specialty glass company SCHOTT AG and Indian group Kaisha, manufactures pharma packaging products such as vials, syringes, ampoules and cartridges used to package life-saving medications.

With this acquisition, Serum is securing its supply of high-quality pharma packaging amid rising global demand, said a company statement. “Even the best medication can't reach the patient without the right packaging," said Adar Poonawalla, CEO Serum Institute of India.

SCHOTT is the perfect partner for us to do this because of their expertise and global network. As a longtime customer, we use their vials, ampoules and syringes to store our vaccines including COVISHIELD, he added.

Over the last three years, SCHOTT has invested roughly Rs 600 crore to set up two new plants in Umarsadi, Gujarat and Baddi, Himachal Pradesh.

SpiceJet seeks nod from shareholders to hive off cargo biz

No-frills carrier SpiceJet Limited, which had in July announced plans to hive off its cargo operations into a separate entity, on Tuesday said it has sought permission from its shareholders to complete the process.

In a stock exchange notification, SpiceJet said it has sought approval from shareholders through postal ballot for “transferring of its cargo and logistics services on a slump sale basis along with all related assets and liabilities, including, knowhow, trademark, licenses, franchises, customer contracts, distribution network etc. to its subsidiary SpiceXpress and Logistics Pvt Limited (“SpiceXpress")."

The airline, which had in July announced plans to raise up to Rs2,500 crore, will also seek approval from its shareholders to raise funds through QIP (Qualified Institutional Placement), it said in the stock exchange notification.

In a separate statement, SpiceJet said its logistics business has been valued at Rs2,555.77 crore based on an independent valuation exercise and the purchase consideration for the same shall be discharged by SpiceXpress by issuance of shares of SpiceXpress to SpiceJet, subject to necessary approvals.

“The proposed transfer of business to SpiceXpress will allow the new company to rapidly grow its innovative logistics platform and its unique fulfilment as a service business model," said Ajay Singh, chairman and managing director, SpiceJet Ltd.

"Adani Enterprises to acquire Sadbhav Infra's Maharashtra check post arm

Adani Enterprises has entered into a definitive agreement to acquire from Sadbhav Infrastructure Project its network of border checkposts across Maharashtra, housed under Maharashtra Border Check Post Network (MBCPNL) for an enterprise value of Rs 1,680 crore, the Gautam Adani-led company said late Monday.

The Adani group, through its arm Adani Road Transport, will initially acquire a 49% stake in MBCPNL, with an option to acquire additional stake in the company subject to regulatory approval.

Krishna Prakash Maheshwari, chief executive officer, Adani Road Transport, said, “The multibillion-dollar profile of road assets we are executing across India encompasses a variety of business models including hybrid annuity, toll-operate-transfer, build-operate-transfer and a service fee based network. This acquisition also strategically dovetails with the Adani Group's formidable strength in logistics, a force-multiplying business adjacency for ARTL.”

The deal at the enterprise value of Rs 1,680 cr is seven times its current earnings before interest, taxes, depreciation, and amortization (EBIDTA), Adani said.

“MBCPNL has 24 integrated checkposts with exclusive service fee collection rights from commercial vehicles for all key traffic routes in and out of Maharashtra. “MBCPNL is an important gateway connecting Maharashtra with 6 neighbouring states, which covers over 20% of the commercial road traffic in India,” the company said.

Manjushree Technopack buys packaging co Classy Kontainers

Advent International backed Manjushree Technopack Limited (MTL), one of India's largest packaging companies, announced the acquisition of Classy Kontainers, India's largest custom-molded rigid packaging supplier, for an undisclosed sum to further consolidate its presence in the fast growing segment.

This will be the second acquisition by Manjushree after Pearl Polymers last September.

As per the transaction, the proposed acquisition will give Manjushree access to all production units of Classy Kontainers - located in five cities and serve the latter's existing clients in the paints, adhesives, Chemicals and FMCG segments.

“The acquisition is in line with our aggressive, inorganic growth and business diversification plans,” Sanjay Kapote, MD & CEO of Manjushree Technopack Limited, said. “It will allow us to consolidate our position as leaders in the rigid-packaging sector and diversify our presence into new rigid packaging market segments. Given our success in acquisitions till date, we expect seamless integration of Classy Kontainers with the rest of the MTL group.”

With over 40 years of packaging expertise in India, MTL caters to the packaging requirements of the FMCG, F&B, homecare, personal care, agrochemicals, pharmaceutical, and liquor industries. With a manufacturing capacity of 1,90,000 MT per annum and a turnover of around Rs 1200+ crore, MTL is amongst the top mid-sized companies in India.

"MTL's technological strength, product range and geographical spread, coupled with Classy Kontainers' robust business will help us deliver complete packaging solutions to our customers in the future. Post-closing of the transaction, the promoters will continue to work with MTL to ensure smooth transition and future business growth," Kapote added.

The Indian packaging industry, heavily fragmented, has seen significant PE activities in recent times with players like Blackstone, Advent or even Warburg Pincus taking significant bets to create platforms. The packaging industry in India was valued at $75 billion in 2020, and it is expected to reach $205 billion by 2025, registering a CAGR of 26% during this period.

"Classy Kontainers is a pioneer when it comes to innovative solutions for rigid packaging in India. With the strength of our team and MTL's nationwide customer base in every segment we are confident this partnership will add tremendous value to our customers and help us the business to next level of growth," said Rajiv Mehta, Partner at Classy Kontainers, said.

MyGlamm buys Baby Chakra to enter baby care category

Direct-to-consumer (D2C) beauty retailer MyGlamm has acquired online parenting platform BabyChakra to foray into the mother and babycare category, it said on Monday. The financial details of the acquisition have not been disclosed.

With this acquisition MyGlamm, which sells colour cosmetics, skin, and personal care products, and BabyChakra will invest ₹100 crore in building a mother-baby content-to-commerce platform over three years.

BabyChakra has an online community of over 25 million families and 3,500 doctors on its platform. It claims that, on an average, a mother spends more than 40 minutes daily on its digital assets and that 95% of the content on its platform is user-generated.

Naiyya Saggi, founder and chief executive officer (CEO) of BabyChakra, will join the MyGlamm group as co-founder and president. She will spearhead the mother-baby vertical and build the overall community vertical for the group. She will also join the MyGlamm board.

MyGlamm is established in e-commerce, Saggi said. "The e-commerce journey of BabyChakra is new for us and that's where the alignment with MyGlamm comes. So far, we have been building our digital assets with parents and doctors and have been identifying latent needs that mothers have. With MyGlamm we wish to co-create products with our community of mothers and doctors at scale and use MyGlamm's expertise for product development and distribution," she said.

BabyChakra will continue to operate as a standalone brand. Over 8-12 months, MyGlamm will have a portfolio of more than 80 baby personal care products with 50% of them launching this year itself. This will include baby essentials such as washes, lotions, and creams suited for Indian skin and climate and will be branded as BabyChakra products.

BabyChakra aims to reach a ₹500 crore revenue run rate for products in the next three years. The platform is targeting to expand its user base to 100 million mothers in three years and more than 20,000 paediatrician and gynaecologist partners in one-and-a-half years.

The mother and baby personal care market is $2.5 billion, growing rapidly at a compound annual growth rate (CAGR) of 14%, but category penetration is still low at only 15% in India.

The mother-baby category is one of the fastest growing categories in the beauty and personal care segment in India, said Darpan Sanghvi, founder and CEO, MyGlamm. Last month, MyGlamm closed its series C funding round at ₹530 crore, which included a top-up of ₹355 crore by Accel.

“To increase penetration of baby personal care category, one has to educate customers. Mothers coming on BabyChakra will first interact with doctors, ask questions of the rest of the community, and we will now complete the loop with products to meet her needs. This is how the category penetration will go up and that's how content-to-commerce works really well," he said.

BabyChakra will compete with other D2C players such as Mamaearth and The Moms Co. along with more established brands such as Johnson & Johnson, Himalaya Herbals baby care, Sebamed, and Chicco.

Deep insights on various dimensions of the same customer will hold the key, especially with the blurring boundaries between beauty and healthcare, according to Sreedhar Prasad, internet business expert and former partner at KPMG.

“That a beauty customer is or will be a mother is a good thesis to look at, where there could be significant synergies. Engagement, user-generated content, consultation lead insights on what a mother wants for herself or her child could significantly help in product innovation and need-based positioning. Safe beauty and skincare for children is also a large-use case that does not have a winner yet in India," he said.

In a first merger of blockchain networks, Polygon buys Hermez for $250 million

Indian crypto startup Polygon said it is acquiring Hermez, a zero-knowledge (ZK) cryptography-based scaling project, in a deal that will cost the company $250 million. The company will pay the amount in MATIC tokens.

It is the first ever full-blown merger of two blockchain networks. All components of the Hermez project: technology, live solutions, team, and HEZ token will be integrated into the Polygon ecosystem.

The merged entity will operate under the new name: Polygon Hermez. Polygon Hermez will become a part of the growing Polygon suite that already offers solutions such as Polygon PoS, Polygon SDK, Polygon Avail, etc, the company said.

“This merger is our first big foray into the ZK scaling field after we publicly announced ZK-based solutions as our strategic focus moving forward. More details on this strategic decision can be found in our ZK thesis,” Polygon said.

After the merger, HEZ token holders will be able to swap their tokens for Polygon's native token (MATIC) via the swapping contract that we will publish soon. The swap ratio is 3.5 MATIC into 1 HEZ, and is calculated based on the respective prices.

MATIC will remain the only token of the Polygon ecosystem and it will take the role of HEZ in Polygon Hermez moving forward.

Polygon said it is one of its first major forays in the ZK solutions. It is strategically committing significant resources, including $1 billion from our treasury to ZK based solutions.

Expleo Group to consolidate all its businesses into listed Company

Anirudha Jain

Longstanding demand of public shareholders for the merger of other private entities of Expleo group with ESL shoved by Mr. Rajesh Krishnamurthy, a newly appointed group CEO.

Think bold, act reliable

[expleo]

IT sector is on the cusp of growth, driven by necessity in Automation, Digitalization, Cloud Computing, Security Surveillance, Data analytics and so on. This in turn brings a large opportunity for a niche software testing business. According to the NASSCOM report, the global software testing market is projected to expand to US$ 76 billion by 2022 and the banking financial services and insurance (BFSI) industry will remain at the forefront of leveraging these digital technologies. This has translated businesses to re-think/re-aligned their strategy to capture a higher share of the growing market.

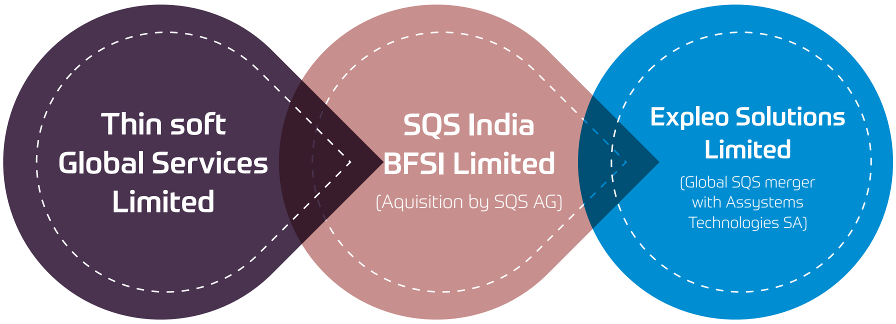
The increasing regulatory requirements and need to present a company with multiple skills, products, services and domain has resulted in the consolidation of Indian business for Expleo group.

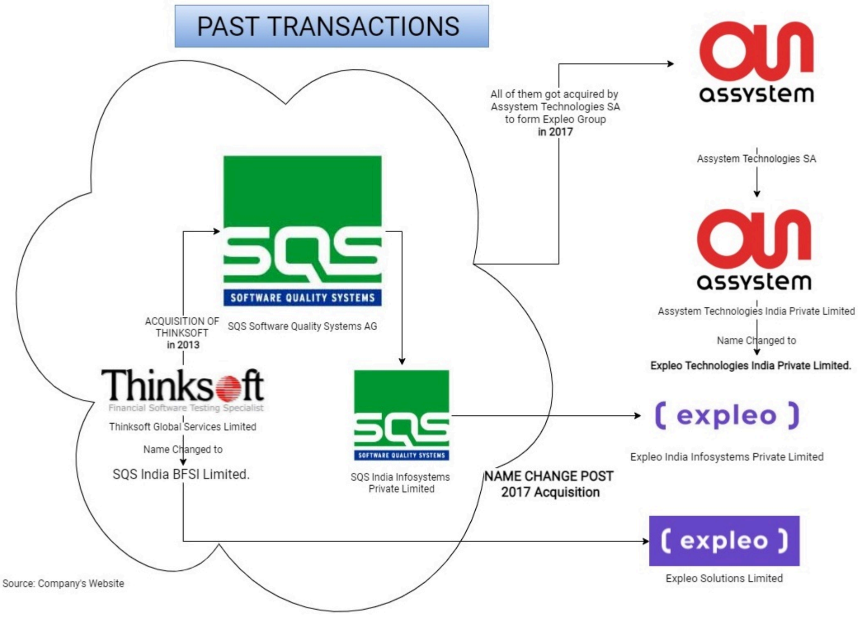
Background

The present Indian structure of the Expleo group is not created, but it inherited due to M&A (Merger & Acquisition) deals. We summarize the series of events as follows:

In 2013, Thinksoft Global Services Limited, which was started by Indian promoters got acquired by SQS Software Quality Systems AG. At that time SQS AG already had a presence in India through SQS India Infosystems Private Limited having different products and services offering with little overlapping. SQS group decided to operate both entities separately. The name Thinksoft Global Services Limited got changed to SQS India BFSI Limited.

In 2017, SQS Software Quality Systems AG along with its Indian entities was acquired through a merger by Assystem Technologies SA to form "Expleo Group". The acquisition not only led to the open offer but also change in the name of SQS India BFSI Limited and SQS India Infosystems Private Limited to Expleo Solutions Limited and Expleo India Infosystems Private Limited respectively. At that time, Assystem Group was having presence in India through Assystem Technologies India Private Limited which was renamed to Expleo Technologies India Private Limited.





Source: Company's Website

Current Indian Business of Expleo Group Consists of:

Expleo Solutions Limited (ESL), a public listed company is a trusted partner for end-to-end integrated engineering, quality and management consulting services for digital transformation services to the banking, financial services and insurance industry worldwide.

The equity shares of the ESL are listed on the BSE Limited and National Stock Exchange of India Limited. Expleo Technology Germany, GmbH 56.17% shares of the ESL.

Expleo India Infosystems Private Limited (EIIPL), an unlisted private company of Expleo group in India. EIIPL is on it owns and through its subsidiaries engaged in end-to-end, integrated quality services and management consulting for Automotive, Manufacturing, Gaming & Gambling, Energy & Utilities, Commodity Trading industries. EIIPL is Wholly Owned Subsidiary (WoS) of Expleo Technology Germany GmbH.

Expleo group inherited multiple operational entities in India due to a change in promoters twice in the last decade. Now, Expleo realised the need to consolidate various businesses in India.

EIIPL holds 100% of shares in Expleo Technologies India Private Limited (ETIPL) which provides software development, validation, verification, certification and engineering design services in the field of Aerospace, Automotive, Defence and Rail Transportation Domains.

EIIPL also holds 100% of shares in Expleo Engineering India Private Limited (EEIPL). Silver Software Development Centre Private Limited (SSDCPL) is wholly owned subsidiary of ETIPL. Both EEIPL & SSDCPL do not have any business operations.

The Proposed Transaction:

The proposed consolidation of group entities of Expleo Group will be executed in two parts:

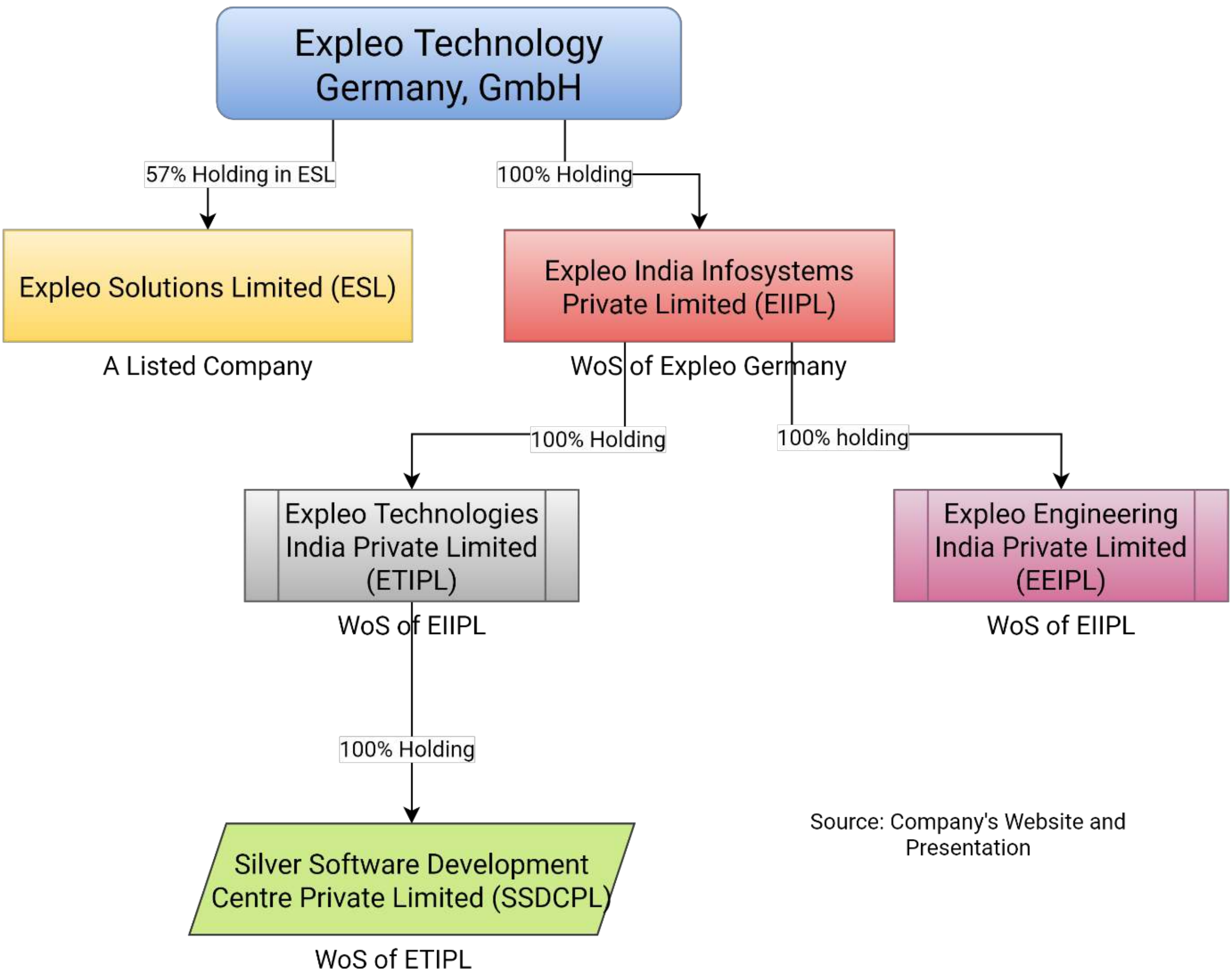
PART I: Acquisition of Equity Shares

On 28th June 2021, EIIPL entered into a Share Purchase Agreement (SPA) to acquire 100% stake of EEIPL and ETIPL for ₹ 1.61 crores and ₹ 132 crore respectively. This was likely to be done with an intention of simplifying the transaction & approval process as well as certain commercials like upstreaming the cash available with the private company.

PART II: Merger

Immediately after the acquisition, the group announced a composite Scheme of Amalgamation ("Scheme") pursuant to

CURENT STRUCTURE



Source: Company's Website and Presentation

Sections 230 to 232 of the Companies Act, 2013, providing for the merger of various other group entities with ESL.

Currently, ETIPL & EEIPL are directly wholly owned subsidiaries of EIIPL and SSDCPL is a step down wholly owned subsidiary of EIIPL. Further, EEIPL & SSDCPL does not have any operations and are getting consolidated just for simplifying ESL structure.

The chronology of the transaction (merger) with ESL as provided in the Scheme is as follow:

(1) Merger of Expleo India Infosystems Private Limited

(2) Merger of Expleo Technologies India Private Limited and Expleo Engineering India Private Limited

(3) Silver Software Development Centre Private Limited with Expleo Solutions Limited.

As the registered office of the entities involved in the transaction is in different states, separate applications will be filled with Chennai, Mumbai and Bengaluru Bench of National Company Law Tribunal (NCLT) for approval.

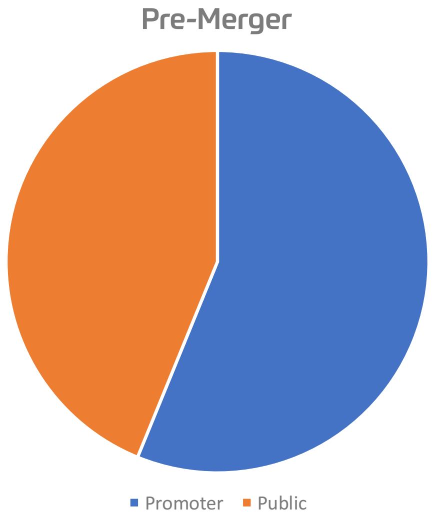
Though the Appointed Date for all the parts of the merger scheme will be same, the transactions have been structured in such a way that at the time of execution of each part, the transferor company/ies will be direct wholly owned subsidiaries of ESL (immediately after the merger of EIIPL with ESL). This augurs in simplifying approval process and de-linking impact of approval of any particular part from the scheme as a whole as it is mentioned in the Scheme that each such parts shall be severable from the remainder of the Scheme thus, even in case of any reasons, the merger of ETIPL & EEIPL or SSDCPL doesn't get approval, the scheme shall be modified and the remainder company/ies will continue to operate as a wholly-owned subsidiary of ESL(as they become WoS of ESL post-merger of EIIPL with ESL).

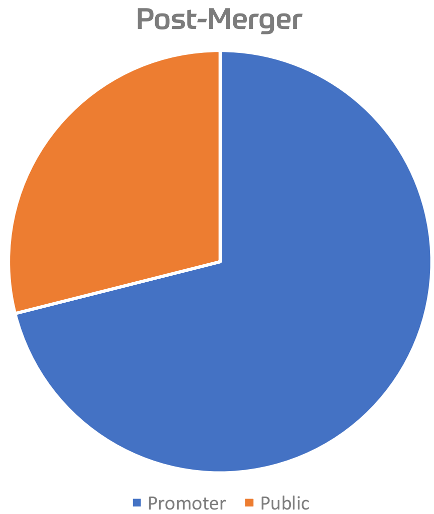
ESL has its operation located in Chennai while EIIPL operates in Automotive & Aerospace sector through Bengaluru Center and Pune Center caters to Automotive as well as other sectors.

The Appointed Date for all the transactions is 1st April 2022. The probable reason for having a prospective Appointed Date.

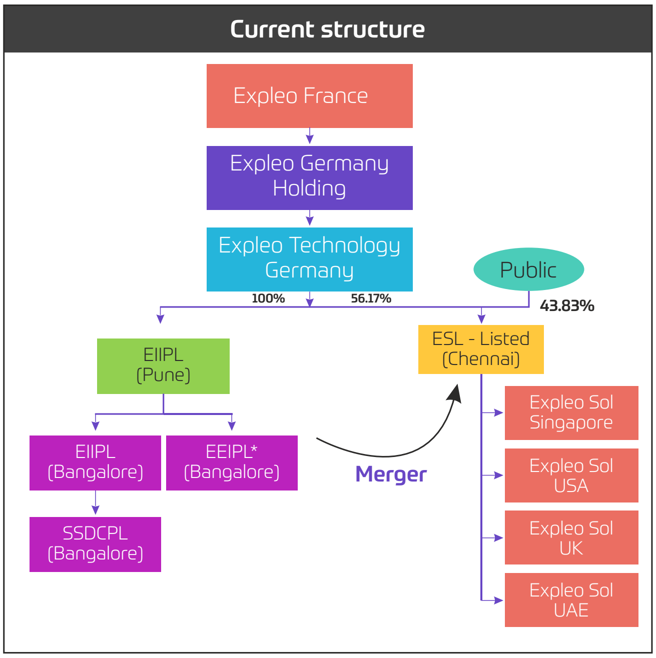
Shareholding pattern Pre and Post:

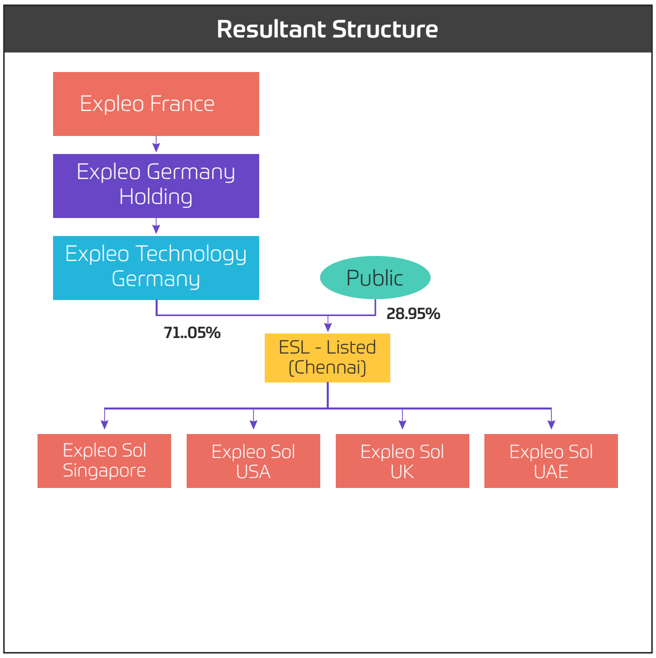
Pursuant to the above restructuring, ESL shall issue 459 fully paid-up equity shares of INR 10 each of ESL for every 10 equity shares of INR 10 each held in EIIPL.





Transaction Overview





The paid-up share capital of the entity will be increased for the existing 1.02 crore equity shares of INR 10 each to 1.55 crore equity shares of INR 10 each.

Other Aspects of the Transaction:

Accounting Treatment:

As the proposed restructuring is between entities having common control i.e., controlled by Expleo Technology Germany, GmbH, the transaction will be accounted for in accordance with Appendix C of IND AS 103.

The difference between the consideration/value of investments as the case may after adjusting assets, liabilities and reserves of the Transferor Companies will be adjusted against the Capital Reserve.

Currently, ESL do not have a Capital Reserve and significant part of its reserve's consist of Retained Earning.

Other Aspects of the Scheme

The scheme also provides for the transfer of various credits relating to direct tax & indirect tax along with transfer of relevant licenses and benefits pertaining to Special Economic Zone, statutory licenses issued by Software Technology Park of India etc.

Considering the applicable India laws, the merger will be tax neutral for the companies and Indian shareholders.

The shareholders of the Transferor Companies shall indemnify and hold harmless the Transferee Company and its directors, officers, representatives, partners, employees and agents for any losses, liabilities (including but not limited to tax liabilities), costs, charges, expenses including interests and penalties discharged by the Indemnified Persons which may devolve on Indemnified Persons on account of the merger.

We summarise below the likely Capital Reserve and other significant accounting entries as a result of each of the parts of the merger below:

Transaction Part	Accounting Impact (based on financials as on 31st March 2021)
Merger of Expleo India Infosystems Private Limited	1.The existing reserves of EIIPL amounting to INR 224 crore will be added to the existing reserves of ESL. 2.The difference between face value of shares issued after adjusting assets, liabilities and reserves of the Transferor Company will be adjusted against the Capital Reserve.
Merger of Expleo Technologies India Private Limited and Expleo Engineering India Private Limited	1.The existing reserve's ETIPL amounting to INR 18.49 crore will be added to the existing reserves of ESL. 2.The investment in the equity shares of ETIPL amounting to INR 132 crore will be cancelled and debited to Capital Reserve and negative Capital Reserve to the tune will be created. No significant reserve will be created/adjusted as a result of merger of EEIPL.
Silver Software Development Centre Private Limited with Expleo Solutions Limited	No significant reserve will be created/adjusted as a result of merger of SSDCPL.

Please note due to prospective appointed date and availability of limited data, the actual amount may change significantly.

How Merger Came on Cards

It was a long-standing demand from shareholders of ESL for consolidation of Indian entities and the perceived conflict of interest or the focus of the Group on the India business per se.

Expleo Group has two strong heritages, Engineering services with a strong presence in Europe, and due to SQS acquisition, strong Quality and Consulting capabilities. Last year, Expleo Group's Board of Directors appointed Mr. Rajesh Krishnamurthy as Expleo's new group CEO who later unveiled a strategy to harness Expleo's capabilities to steer it into a fast-growing digital transformation journey. Within a period of 7 months, he visited India twice and announced that going ahead India will be part ~75-80% of the future global Expleo Project.

Engineering Division was strong in Automotive and Aerospace, but as part of the strategy, Expleo have in an aggressive fashion diversified into Healthcare, Construction and Manufacturing industries, etc. At the same time, on the Quality side, the group expanding into newer industries like Energy, Utilities and Services etc.

In pursuit of Expleo's strategy to globalise the entire operations as one instead of each one of the countries running a separate entity, the consolidation of Indian operations. is one of the first initiatives which newly appointed group CEO Mr. Rajesh Krishnamurthy decided to work on after he took over.

Simultaneously, the group decided to have India as a significant base over the next three, four years and getting Indian setups simplified and have a single go-to entity is a critical part of the strategy to target larger deals.

The merger pawed the way for Expleo group to cater to multiple sectors through the same entities. From having circa 1500 ESL employees, the merged entity will have strong 3,200-plus people company in India with close to around Rs. 600 crores of annual revenues. The merged entity will also look at consolidating some parts of the operation to Pune location among other shared services.

Going ahead, ESL will be classified in two segments, one is the engineering capability, and the other is the quality capability. Existing Managing Director & Chief Executive Officer of ESL, Balaji Viswanathan will be the CEO of the merged entity and Prashanth who is the Managing Director of EIIPL will become Chief Operating Officer (COO). Balaji Viswanathan will continue to be the leader for everything related to Quality and Financial services and Prashant will continue to be the overall lead for delivering the Engineering services business.

Valuation:

EIIPL entered into Share Purchase Agreement (SPA) on 28th June 2021 to acquire 100% stake of EEIPL and ETIPL for ₹ 1.61 crores and ₹ 132 crore respectively.

The valuation of EIIPL has arrived by giving 50:50 weight to Discounted Cash Flow (DCF) and Comparable Companies Multiple (CCM) while ESL has been arrived by giving 50:50 weight to Discounted Cash Flow (DCF) and Market Price. Based on this, the valuation arrived is as follows:

Table 1: Valuation of Involved Entities (All Figs in ₹ Crores)

Particulars	EIIPL (consolidated)	EPL
Weighted Equity Value	426	858

The equity value of EIIPL was evaluated after appropriate discounting for illiquidity and adjustment for the investment made by EIIPL in EEIPL and ETIPL.

Aerospace	Automotive	Financial Services
Defence	Energy & Utilities	Healthcare
Industrial	Insurance	Media& Entertainment
Education	Government Services	Retail & Logistics
Telecom	Rail Transportation	Pharma & Life Sciences

Financial

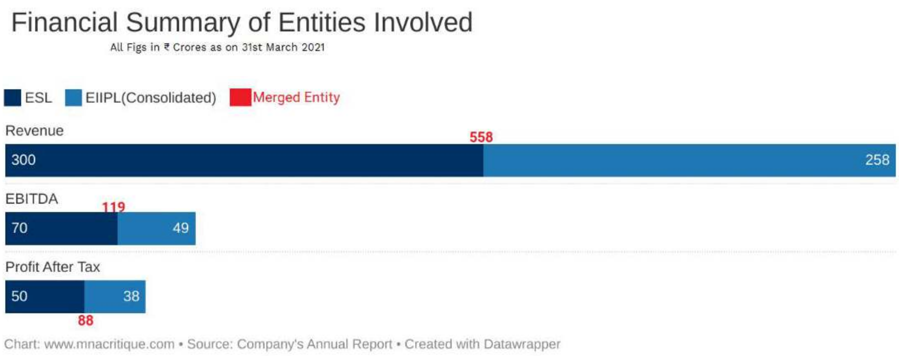


Table 2: Financial breakup of Consolidated EIIPL as on 31st March 2021 – All Figs in ₹ Crores

Particulars	EIIPL-Pune Operations	ETIPL-Bengaluru Operations
Revenue	137	130
Profit After Tax	25	13
Networth	224	32

Immediately prior to announcing the merger, Expleo effectively streamline the structure and at the same time upstream the surplus cash available with private entities.

As parent entity is focused on Engineering, EIIPL & ETIPL have considerable chunk of business coming from the parent entity. After the merger, the group business share for the combined entity will be approximately equal to 33% to 34%, and the direct business is approximately 66% odd. The management expects that over the next two to three years, the group business contribution would probably be in the range of around 42% to 45%.

Earlier Transaction

SQS Software Quality Systems AG, entered into an agreement, on November 8, 2013, with the promoters of Thinksoft Global Services Limited, to acquire majority stakes in Thinksoft Global Services Limited. SQS Software Quality Systems AG, gave an open offer for acquiring equity shares constituting at least 26% of the paid-up equity share capital of the Company, of that time Thinksoft Global Services Limited, in accordance with the terms of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. The aggregate shareholding of SQS after the completion of the Open Offer and the Acquisition was less than 51% of the paid equity Share Capital of the Company thus in accordance with the Share Purchase Agreement, the erstwhile promoters have sold their balance equity shares in the Company to make up for the shortfall, resulting in SQS acquiring a 53.35% controlling interest in the company.

After acquisition, the name of the company changes to SQS India BFSI Limited. Thinksoft at that time was India's only listed entity in the pure play independent software testing space, provides software validation and verification services to the Banking and Financial Services Industry (BFSI) worldwide.

In a move to create an opportunity to deliver a "best in class" offerings to customers based on a shared culture of technical excellence across geographies and sectors (especially in BFSI, automotive and aerospace), In 2018, the parent company, Software Quality Systems (SQS) AG took a strategic decision and agreed a merger with Assystem Services Deutschland GmbH, a subsidiary of Assystem Technologies.

As a result, Assystem becomes the majority shareholder and it gave mandatory open offer for acquiring 26% of paid-up capital of ESL as per regulations of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. later name of the company changed to Expleo Solution Limited.

Multiple M&As ushered in multiple entities in India for the Expleo group. Though the business carried through each of the entities was not similar, to some extent it was overlapping. Expleo India derives a considerable chunk of its business through parent/group level entities which was amounting to a kind of confusion at the parent level too for assigning the global business to Indian entities. This was becoming a concern for minority shareholders. Similarly, for the small companies, it creates difficulties in retaining and acquiring right talent. The move will create significant value for other stakeholders like Parent Entity, Employees, customers etc.

While designing the merger, management appropriately planned the activities which will lead to a simple and cost-effective transaction. With the merger, ESL is well poised to scale the business and maximise the value for all the stakeholders. After the merger, ESL may distribute the surplus cash to its shareholders.

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Check Point Software acquires cloud email security company Avanan

Check Point Software Technologies said it acquired U.S.-Israeli cyber security company Avanan, which specialises in protecting email, where most cyberattacks begin.

Check Point did not disclose financial details.

"More and more businesses are moving to cloud-email platforms and with email becoming a major channel to launch devastating cyber-attacks, this acquisition represents a huge potential," said Dorit Dor, Check Point's chief product officer.

Avanan was founded in 2015 and its technology blocks malicious emails before they reach a user's inbox, Check Point said. It has more than 5,000 customers and protects more than 2.5 million email accounts.

Fintech firm Ideanomics to buy VIA Motors for nearly $630 mln

Financial technology company Ideanomics Inc said that it will acquire VIA Motors International Inc in an all-stock deal that would value the electric commercial vehicle firm at about $630 million.

The acquisition comes as several automakers are competing to develop electric vehicles after China, Europe and other countries and regions mandated lower carbon emissions.

Ideanomics will offer 162 million shares to shareholders of VIA Motors International, and the latter is expected to own about 25% of the combined entity, the companies said in a joint statement.

"Ideanomics is separately issuing $50 million of secured convertible note to VIA Motors to fund its growth, and that will be subject to purchase price adjustment," they said.

Utah-based VIA Motors is eligible for potential earnout consideration of up to $180 million, that would be paid in Ideanomics' stock, according to the statement.

New York City-based Ideanomics operates as a fintech company and its Mobile Energy Global unit helps commercial fleet operators procure electric vehicles.

A slew of fast-growing EV startups have taken advantage of the boom in capital markets in the past 12 months, either through initial public offerings or via a merger with special purpose acquisition companies, with the latest being Amazon.com Inc-backed Rivian filing to go public last week.

Forbes to go public via $630 mln SPAC merger to expand consumer business

The publisher of Forbes magazine will go public through a merger with a blank-check firm in a deal that values the combined entity at $630 million, the companies said, the latest example of media companies catching the boom of special purpose acquisition companies (SPACs).

Forbes, one of the oldest media outlets in the United States, will merge with Hong Kong-based Magnum Opus Acquisition Ltd, a SPAC led by Jonathan Lin, a former executive at billionaire Steven Cohen's Point72.

German publisher Axel Springer to acquire U.S. news website Politico for over $1 billion

The deal will allow Forbes to invest further in building consumer-focused products as the company reduces reliance on media revenue, Forbes Chief Executive Mike Federle said in an interview.
With print revenue sliding, the business news outlet has been doubling down on live events and leveraging its brand and reader base to build consumer products in areas including education and e-commerce. It reported $163 million in revenue in 2020 and expects it to grow to $193 million this year.

Jersey City, New Jersey-based Forbes was founded in 1917 by B.C. Forbes, and his family retains a minority share. The magazine is led by his grandson, Steve Forbes, currently chairman and editor-in-chief, who made failed runs for US president in 1996 and 2000 in the Republican primary.

With the SPAC deal, Forbes joins other media outlets, including BuzzFeed, which agreed to a blank-check merger in June, and Vox Media, which is also reported to be pursuing such a merger.

The Forbes deal is expected to bring $600 million in proceeds and includes a private investment in public equity of $400 million.

Forbes shareholders will own nearly 22% of the combined company, assuming no redemptions by Magnum's investors, and the company will be left with $145 million in cash. Magnum raised $200 million in a March IPO.

Axel Springer will acquire Politico in a deal that valued the U.S political news website at over $1 billion, according to a source familiar with the matter.

The companies announced the deal but did not disclose the terms. This marked the biggest acquisition for Axel Springer to date, as the German publisher stitches together a global network of digital news operations.

The deal, in which Springer will also buy the remaining 50% share of its joint venture Politico Europe, follows its 2015 deal to buy Business Insider and a 2020 deal to buy a majority stake in business newsletter platform Morning Brew.

Robert Allbritton, the owner of Politico, will continue as the publisher of the website following the deal, which is expected to close by end of this year.

Politico was founded ahead of the 2008 U.S. presidential elections by defectors from the Washington Post with an aim to cover Washington and politics with the pace, analysis and rigor of sports journalism.

Springer owns a rich portfolio of news outlets including Bild, Welt and Insider, and is active in more than 40 countries.

U.S. private equity investor KKR, which owns around 48% of Springer, has been building up its portfolio of digital and media assets though the German media conglomerate.

KKR to buy Ritchies Transport in first New Zealand infrastructure bet

U.S. private equity firm KKR & Co Inc will purchase Ritchies Transport, one of New Zealand's largest bus companies, marking its first infrastructure investment in the island nation.

The companies did not disclose the deal value, although they said KKR made the investment through its Asia-Pacific infrastructure fund.

Buses offer a "highly visible opportunity to encourage the adoption of zero-emissions technology," Andrew Jennings, a director on KKR's infrastructure team, said, noting the growing demand for greener transport in New Zealand.

He added buses account for 75% of public transport in the island nation. Ritchies has a fleet of more than 1,600 buses with 42 depots.

The Ritchie family that founded the 86-year-old transport provider will continue to hold a stake and lead the company, the joint statement said.

Israeli telecom firm Partner bids to buy rival Xfone

Israeli telecoms group Partner Communications Company Ltd said it had offered to buy the business operations of smaller rival Marathon 018 Xfone for 187 million shekels ($58.1 million).

Partner's bid to buy Xfone comes after Golan Telecom -- a unit of Cellcom, Israel's largest mobile provider -- offered to buy Xfone. Cellcom said in a regulatory filing that Xfone's debt stood at about 60 million shekels.

Partner, Israel's second-largest mobile operator, said its offer would expire on Sept. 9 and said it was conditional on receiving various regulatory approvals.

Cellcom bought Golan Telecom last year, kicking off some consolidation in the sector. Market reforms in 2012 led to the creation of new, low-cost rivals, driving down prices that have left incumbents struggling to stay profitable. Israel's telecoms regulator had previously resisted mergers to avoid pushing prices back up. But its approval of Cellcom's purchase of Golan signalled it also wants to avoid company failures.

As part of its bid, Partner said it would offer at least 70% of Xfone's employees continued employment for at least one year, beginning at the date of the purchase.

Earlier this month, Reuters reported President Joe Biden's planned executive order to promote greater U.S. competition would target bank mergers by pushing the Federal Reserve and the Department of Justice to update merger guidelines and increase scrutiny of deals. After the deal closes, Investors Bancorp Chief Executive Officer Kevin Cummings will join the board of Citizens Financial, the companies said.

CBC consortium buys S.Korean botox maker Hugel stake for $1.5 billion

A consortium led by healthcare-dedicated investment firm CBC Group agreed to acquire a 47% stake in South Korea's top botox maker Hugel Inc from Bain Capital for 1.7 trillion won ($1.5 billion), GS Holdings and Hugel said.

The consortium also includes Abu Dhabi sovereign wealth fund Mubadala Investment Co, South Korea's GS

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Holdings Corp and private equity firm IMM Investment Corp, it said in a joint statement.

The deal includes agreed-for payments for shares and convertible bonds, GS Holdings and Hugel said in regulatory filings.

“By leveraging our foothold in international markets, we are confident that Hugel as a Korea-based company will become a leading global aesthetics business by expanding significantly into the United States, Europe, China and the rest of the world,” said Michael Keyoung, CBC's managing director and head of North America and Korea.

For more than a decade, Hugel has seen growth in the domestic market through aesthetic products such as botolinum toxin and hyaluronic acid fillers.

Richard Branson's Virgin Orbit to list through SPAC merger at $3.2 billion valuation

Virgin Orbit, the small satellite launch service which is a part of billionaire Richard Branson's conglomerate, said it is going public through a merger with a blank-check vehicle in a deal that values it at $3.2 billion.

The deal with NextGen Acquisition Corp. II also includes a private investment in public equity (PIPE) of $100 million, from parties such as Boeing Co and AE Industrial Partners.

Firefly, U.S.-New Zealand startup Rocket Lab, and Branson's Virgin Orbit are seen as front-runners in a new breed of firms building miniaturized launch systems to cash in on the exponential growth of compact satellites, expected in the coming years.

Blank-check companies, also known as special purpose acquisition companies (SPACs), use the capital they raise through an initial public offering to merge with a private firm and take it public.

Virgin Orbit will list on the Nasdaq, post the closing of the merger, under the ticker symbol "VORB".

Pfizer to buy cancer drug developer Trillium in $2.3 bln deal

Pfizer Inc said it would buy Canadian drug developer Trillium Therapeutics Inc in a $2.26 billion deal to strengthen its arsenal of blood cancer therapies.

Pfizer, which acquired a $25 million stake in Trillium last year, will buy the remaining outstanding shares for $18.50 apiece, representing a 203.8% premium on the stock's last closing price.

Pfizer expects to benefit from Canada-based Trillium's blood-cancer therapies that target a "don't eat me" signal used by cancer cells to evade the immune system.

Forty Seven Inc, which is also developing drugs that target the same antibodies, was bought by Gilead Sciences Inc for $4.9 billion last year.

KKR India Fin Services and InCred ink deal to merge their lending biz

A year after entering talks for a partnership, American private equity giant KKR's non-bank lending business KKR India Financial Services (KIFS) and InCred Financial Services, the retail and MSME lending business of InCred, have inked a deal to merge the two lending businesses.

Founded in 2016 by Bhupinder Singh, InCred Finance is a tech-enabled lending institution that spans online and offline models across consumer, small businesses, and education lending. KIFS, which was founded in 2009, provides Indian businesses with financing solutions.

"Their (KKR) long-term vision and commitment to the India story fits perfectly with InCred's objective of creating a leading financial institution that will play a meaningful role in India's credit ecosystem," said Singh, Founder and CEO of InCred.

Under the terms of the agreement, InCred's retail non-banking finance business and KIFS will be combined to form InCred Finance, which will be led by CEO Bhupinder Singh.

A consortium consisting of Singh, as well as existing InCred investors, will own a majority stake in InCred Finance. A consortium led by KKR and comprising existing investors in KIFS will retain a significant minority stake. KKR will be the single largest investor in InCred Finance at the time of the transaction's close and will remain a long-term strategic partner to the business.

The transaction is not a monetization event for investors of InCred, KIFS or KKR, the two companies said. InCred Finance will be a strategic investment for KKR and will not be a portfolio company in a KKR fund. It will operate independently of KKR.

"This is a great milestone for KKR's India business considering the market-leading retail lending company Bhupinder and his team have created in just a few short years. Bringing together InCred Finance and KIFS will create a larger enterprise with the enhanced resources and investment acumen. KIFS has been a long-time market leader and we are excited to address India's lending opportunity with an even greater array of flexible solutions for borrowers," said Gaurav Trehan, Partner and CEO of KKR India.

According to rating agency Crisil, Incred Financial Services had a diversified loan portfolio of ₹2,634 crore as on 31 March, which, in the aftermath of the second wave, reduced marginally to Rs2,553 crore as of 30 June 30. The AUM mix consists of personal loans (32%), secured school financing (22%), student loans (13%), lending to FIs and escrow backed lending (19%), anchor-backed business lines (11%), the rating agency noted.

"During fiscal 2021, GNPAs rose to 4.5% as of December 31, 2021 amidst tepid economic environment. However, following the recovery in Q4 2021, GNPAs reduced to 3.4% as of March 31, 2021 which – after the second wave, have again elevated marginally to 3.95% as on June 30, 2021," Crisil said.

Before entering into discussions with InCred, KKR's nbfc business KIFS had witnessed a deterioration in its asset quality due to the impact of the liquidity crunch that resulted from defaults at IL&FS group in late 2018.

In its last rating update on KIFS on 30 March 2020, Crisil noted that between 31 March 2019 and 31 December 2019, the company had proactively written off/provided adequately for the stressed accounts which resulted in the loan book degrowing to Rs4,754 crores from Rs5,694 crores as of March 31, 2019. "Consequently, while the Gross NPA inched up to 6.0% as on December 31, 2019 compared to 2.1% as on March 31, 2019 the net NPA remained lower at 3.5%. CRISIL notes that some of the stress in a few accounts manifested due to unexpected events and challenges linked to fraud and governance," Crisil said.

Partners Group buys broadband service provider ACT for Rs6750 cr

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Swiss PE fund Partners Group has agreed to acquire about 75% stake in Atria Convergence Technologies Ltd. (ACT), India's leading non-telco internet service provider, from its investors True North and TA Associates, said a company statement today. Partners will pay around Rs6750 crore ($900 mn) for the 75% stake, where the transaction values ACT at an Enterprise Value of nearly $1.2 billion (Rs.9000 cr).

True North's investment arm Argan will exit its entire shareholding in ACT, while TA will partially divest its shareholding. Both funds together held about 95% stake in ACT. Post-transaction, Partners will hold 75% stake, TA will hold about 20% and the rest of the stake will be held by the management, said people aware of the development.

Partners Group, with $109 billion in assets under management worldwide, has made two major investments in India were it acquired AU Housing Finance in 2016 and Vishal Mega Mart in 2018 – both deals with domestic PE fund Kedaara Capital.

Promoted by CS Sundar Raju in 2000, ACT operates in the cable television segment mainly in Bengaluru, Hyderabad, Chennai, Nellore and Vijayawada. It is expanding its presence in other cities including New Delhi, Ahmedabad, Lucknow and Jaipur.

In June 2008, True North Fund III acquired a controlling stake in ACT and brought in the company's current management team. In 2016, a consortium of investors led by True North's Indium V (Mauritius) Holdings Ltd (investing through Argan) and TA acquired a controlling stake in ACT from True North Fund III and other sellers.

"Since our investment in 2016, we have been fortunate to see ACT grow significantly in size and areas of operations to more than 19 cities across the country," said Dhiraj Poddar, Managing Director, TA and director on the ACT Board.

“Today, ACT is India's fourth-largest wired broadband service provider with revenues having grown at a CAGR of 40% since 2008," said Bala Malladi, CEO, ACT. This partnership with investors has helped to unlock our full potential and lead us on the path to success, Malladi added.

OnMobile Global acquires 100% stake in AI company rob0

OnMobile Global Ltd, a global player in mobile entertainment, said it has completed 100% acquisition of Technologies rob0 Inc., through its subsidiary OnMobile Global Solutions Canada Ltd.

This investment is in continuation to the initial acquisition of 25% equity stake in May last year.

rob0, incorporated in February 2019, offers vision artificial intelligence (AI) technology. The platform gathers, analyses and provides smart insights that help understand user behaviour, optimize gameplay and increase player retention, the company said.

This investment by OnMobile is the second major step towards creation of ONMO, the direct-to-consumer (D2C) mobile cloud-gaming platform, after the acquisition of Appland AB, Sweden, in October 2018. These strategic acquisitions lay the foundation of technologies which form the pillars of ONMO.

Alongside, OnMobile has hired a team of product managers, engineers and marketers who are working on

developing ONMO, which is built on three key mobile gaming trends (eSports, social, and short-form gaming) and two disruptive technologies (AI and cloud streaming) and is currently being beta-tested in three locations globally.

“rob0's acquisition brings to life our ONMO mission of creating the best gaming moments that bring esports to everyone in one click and takes us a step closer to our goal to be the uncontested leader in social esports globally," said François-Charles Sirois, executive chairman, OnMobile Global.

Krish Seshadri, chief executive officer, OnMobile Global, said rob0 has been an integral part of its cloud gaming product, ONMO. “rob0's technology and Vision AI picks the best parts of a game and helps ONMO create thousands of short, unique challenges for mobile casual esports players."

CCI approves acquisition of equity stake by Carlyle in PNB Housing Finance

The Competition Commission of India (CCI) has approved Carlyle Group's proposed Rs 4000 crore investment in PNB Housing Finance making it the majority shareholder, even as the Securities Appellate Tribunal is yet to give its judgement on the matter.

The CCI received a notice relating to acquisition of equity stake in PNB Housing Finance by Pluto Investments, a group company of Carlyle, and Salisbury Investments, under Green Channel. “Notice received under the Green Channel is deemed to be approved under regulation 5A of the Competition Commission of India,” ministry of corporate affairs said in a note.

Pluto is a newly established special purpose vehicle incorporated under the laws of Luxembourg and does not have any business activities in India. It is majority owned and controlled by Carlyle Asia Partners.

The board of, the principal promoter of the mortgage lender, earlier told the home financier to consider repricing the initial deal and pay heed to Securities and Exchange Board of India's objections to it. In response, PNB Housing had said it would wait for the appellate court order on the matter. SAT has heard the counsel of both Sebi and PNB Housing but is yet to give its judgement.

The market regulator has told PNB Housing to do an independent valuation on the pricing of the deal.

The board of PNB Housing on May 31 approved placement of 82 million preferential equity shares and 20.5 million share warrants with Pluto Investments, a Carlyle Group company, and Salisbury Investments, the family investment vehicle of former HDFC Bank MD Aditya Puri. General Atlantic Singapore Fund FII Pte Ltd and Alpha Investments V Pte Ltd are the other proposed investors.

Indegene acquires US-based Medical Marketing Economics for $10 million

Technology-led healthcare solutions provider Indegene has acquired US-based Medical Marketing Economics (MME) for $10 million, a senior company executive said.

“We expect MME to add muscle to making Indegene one of the largest commercial first digitisation platforms,”

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Manish Gupta, co-founder and CEO of Indegene, told ET.

Indegene raised $200 million from investment firms Carlyle and Brighton Park Capital in February and is looking at more acquisitions in the regulatory, safety, patient-side space.

"We have a strong inorganic growth pipeline, and you will see that playing out over the next 6-24 months," Gupta said.

Life sciences organizations, especially emerging biotech companies offering solutions in rare diseases, are struggling to determine and communicate the optimal market value of their innovations.

MME offers pricing and reimbursement, contracting strategy and tactics, and custom payer market research to address these challenges, Gupta said.

MME has experience in rare diseases, oncology, orphan drugs, biosimilars and newer technologies like gene therapy and CAR-T (Chimeric Antigen Receptor T-cell therapy).

"This partnership gives us access to a larger customer base, a global operations infrastructure, and significant opportunities for growth through adjacent services," said Jack M. Mycka, Global President and CEO, MME. "Alongside Indegene's clinical, medical and commercial solutions, we can further help clients identify, frame, communicate and capture the value of their medical innovations."

Emerging biotech organizations contribute about 75% of the products in the pipeline today and this is only expected to grow.

These organizations are often unable to capitalize on the value that they create, since more than half of them have zero to limited commercialization capability.

Indegene and MME's disruptive model helps them to not just build the right strategy, but also execute it all the way through commercialization, the company said.

Carlyle preferred bidder for Mumbai-based Hexaware in $3-bn deal: Report

Global private equity firm Carlyle Group has emerged as the preferred bidder for Baring Private Equity Asia's (BPEA) Indian portfolio Hexaware Technologies in a $3 billion deal, two people with knowledge of the situation said.

If successful, Carlyle would be winning a competitive bidding process against peer firms including KKR & Co and Bain Capital, as well as French company Teleperformance SE for the Mumbai-headquartered IT services firm.

BPEA bought a controlling stake in Hexaware in 2013 for about $420 million and took the company private from the local stock exchanges late last year.

Hexaware provides automation, cloud and customer services-related technology to a wide range of industries including finance, education, hospitality and manufacturing.

Its earnings before interest, taxes, depreciation and amortisation (EBITDA) grew 24.4% to 11 billion rupees in 2020.

Everstone exiting Sahyadri Hospitals

Private equity firm Everstone has initiated the process to exit Sahyadri Hospitals two years after backing the institution. It is targeting an internal rate of return (IRR) of 50-60%.

Private equity and venture capital firms typically look at a 5–6 year investment horizon and target an IRR of 20-30%. Seven to eight investors have shown interest to invest in the hospital chain, two people familiar with the development said, seeking anonymity.

An investment banker, who led several healthcare deals, said private equity-backed hospital chains are poised to command a higher valuation in this market over those that have just one or two units.

“Private equity-backed hospital which are one or two locations is at early double-digit multiple of Ebitda, whereas chains like Sahyadri, Paras Hospital and Asian Institute of Medical Sciences hospital are likely to command mid to late teen multiples," he said, also seeking anonymity.

Everstone agreed to acquire a controlling stake in Sahyadri in April 2019 and completed the transaction a few months later. Founded by neurosurgeon Charudutt Apte in 1994, Sahyadri has eight hospitals with over 900 beds in Maharashtra.

ReNew Power completes merger with US-based RMG II

ReNew Power Pvt Ltd (ReNew Power) said it has completed "business combination" with US-based RMG Acquisition Corporation II (RMG II). ReNew Power in February had announced merger with blank-check company RMG II, giving India's biggest renewable power producer an enterprise value of USD 8 billion and listing on NASDAQ.

"As a result of the business combination, RMG II has become a wholly-owned subsidiary of ReNew Energy Global plc (the post-combination entity referred...as ReNew," ReNew Power said in a statement.

ReNew Power CEO Sumant Sinha said, "The completion of our business combination with RMG II is a great step forward for enabling further decarbonization of the Indian power sector. We will continue to work to expand clean power generation across India. We are excited to continue our work developing wind and solar power across India."

Robert Mancini, Chief Executive Officer and Director of RMG II said, "We have been proud to partner with the ReNew team throughout this process, and look forward to continuing our relationship as we move into the next phase of growth for ReNew after the close of our transaction."

Paris-based Believe acquires Venus Music

Paris-headquartered digital music company Believe has acquired Venus Music, one of India's iconic music record labels and part of Venus Worldwide.

With the deal in place, Venus Music will now be rebranded as Ishtar.

The acquisition covers all music rights of Venus Music, which has a strong catalogue of Indian film and non-film

music, including Bollywood, regional, pop, classical, ghazals, qawwalis, devotional and instrumental.

A three-decade-old label, Venus Music owns more than 700 plus movies and more than 3,000 basic titles. Its YouTube channel has more than 33 million subscribers.

“This rebranding exercise represents a significant step in the company's evolution. The reputation and equity built by Venus Music over the years is an asset for Believe and with this rebranding, it will evolve the service offerings through new content creation, independent artist association, promotions across television and media, music distribution and other media in India and overseas market,” said Vivek Raina, managing director, Believe India. “We are also looking at leveraging the catalogue to promote and support talent as well as music.”

With Believe's international affiliations, Venus Music will also get access to global markets, the company said.

Allcargo picks up 65% stake in Swedish logistics major Nordicon for $29 mn

Allcargo Logistics, the country's largest integrated logistics player in the private sector, announced its second large overseas acquisition snapping up a 65 per cent ownership in a USD 44 million joint venture it has just set up with the Swedish player Nordicon Group.

The financial investment by the Shashi Kiran Shetty-led group in the joint venture, ECU Worldwide Nordicon, is USD 29 million for the 65 per cent stake, while the total investment in the joint venture is USD 44 million, Ravi Jakhar, the chief strategy officer, Allcargo Logistics, told PTI on Friday.

The promoters of the Nordicon Group will own the balance 35 per cent and will continue to lead the company as a joint venture, he said.

The new joint venture will house all the operations of the Nordicon Group, which is the market leader in the LCL (less-than-container-load) and rail freight consolidation segment in the Nordics region, will be headquartered in the Swedish city of Gothenburg, he further said, adding that it will become a part of its Belgium arm ECU Worldwide network which Allcargo had bought in 2003.

This is the third major acquisition by Allcargo. In 2003, it bought ECU Worldwide -- first 33 per cent stake and then increased it to 49.9 per cent in 2006. Its second acquisition was in December 2019 when announced takeover of Gati, one of the express logistics leaders in the country, for Rs 416 crore.

"Our subsidiary ECU Worldwide has signed a definitive joint venture agreement with the Nordicon Group of Sweden. While we will hold a 65 per cent stake in the company, the present owners of Nordicon will continue to own the balance 35 per cent," said Shetty, who is the chairman of Allcargo Logistics Group that includes ECU Worldwide in Europe and the express logistics firm Gati in the domestic market.

Nordicon is the leading freight consolidation firm in the Nordic region with offices in home market Sweden, Norway, Finland, and Denmark. From its warehouse in Gothenburg as well as local terminals in each country, it consolidates freight to over 500 export destinations and from over 300 import locations around the world.

With this strategic deal, ECU Worldwide will now control nearly 40 per cent of LCL market in the Nordic region, Jakhar said, adding the deal expands ECU Worldwide's service network and global reach further, by adding new geographies and a specialised rail freight consolidation

service across Europe.

Secondly, this marks strong market consolidation in the region (Nordicon enjoys over 60 per cent of the rail freight pie) as the big difference in this deal is that Allcargo has always bought a company that was part of its existing network, but Nordicon is a competing network, and thus the join venture leads to better consolidation.

On the revenue contribution from the deal, Jakhar said they expect a USD 50 million boost on the topline and USD 2-3 million to the bottomline.

Already ECU Worldwide contributes 80 per cent of Allcargo's USD 1.5-billion revenue, and this should go up to 82-82 per cent with this deal. The acquisition is being executed through Allcargo Belgium, the wholly-owned subsidiary of Allcargo.

Nordicon has an innovative asset-light rail consolidation business that opens new opportunities for ECU Worldwide across Europe, said Jakhar.

The city-based Allcargo Logistics, held by the Avvashya Group, is a global leader in multi-modal logistics solutions.

Allcargo Belgium, which operates ECU Worldwide, is a global market leader in ocean freight consolidation, while Allcargo Logistics leads the container freight station business in the country and is also a leader in express logistics through subsidiary Gati.

Google likely to invest big in Airtel after financing rival Jio

Search giant Google is in talks to make 'substantial investments' in Bharti Airtel. The Alphabet Inc subsidiary has already invested thousands of crores in Reliance Jio, a direct rival.

Google has been in 'advanced stages of negotiations' with Airtel for 'nearly one year' now and a 'substantially large' deal is potentially happening, TOI sources have said.

Top executives from both companies have been collectively working out the finer aspects of this partnership. Both companies' internal and external legal teams, as well as their M&A teams are involved.

If the deal got through, it could be a sigh of relief for Sunil Mittal, with Airtel struggling to keep its head above water.

Airtel's plight is largely due to Ambani's revamp of the industry with free voice and dirt cheap data rates. The resultant pressure forced Vodafone and Idea to merge.

Airtel's board is set to meet on Sunday and plan fundraising options. The meeting takes place in light of Airtel's current debt clocking in at nearly Rs 1.6 lakh crore at the end of June. The telco has been unable to raise tariffs freely, forcing it to explore other options.

"Google's entry could turn Airtel's balance sheet around, as well as providing strategic assistance with its expertise on data analytics," an analyst told TOI.

Google's data monetisation methods could help Airtel earn more money and work on its profitability.

The analyst also added that Google must have 'very strong reasons' to enter Airtel which poses 'strong risks' for anyone.

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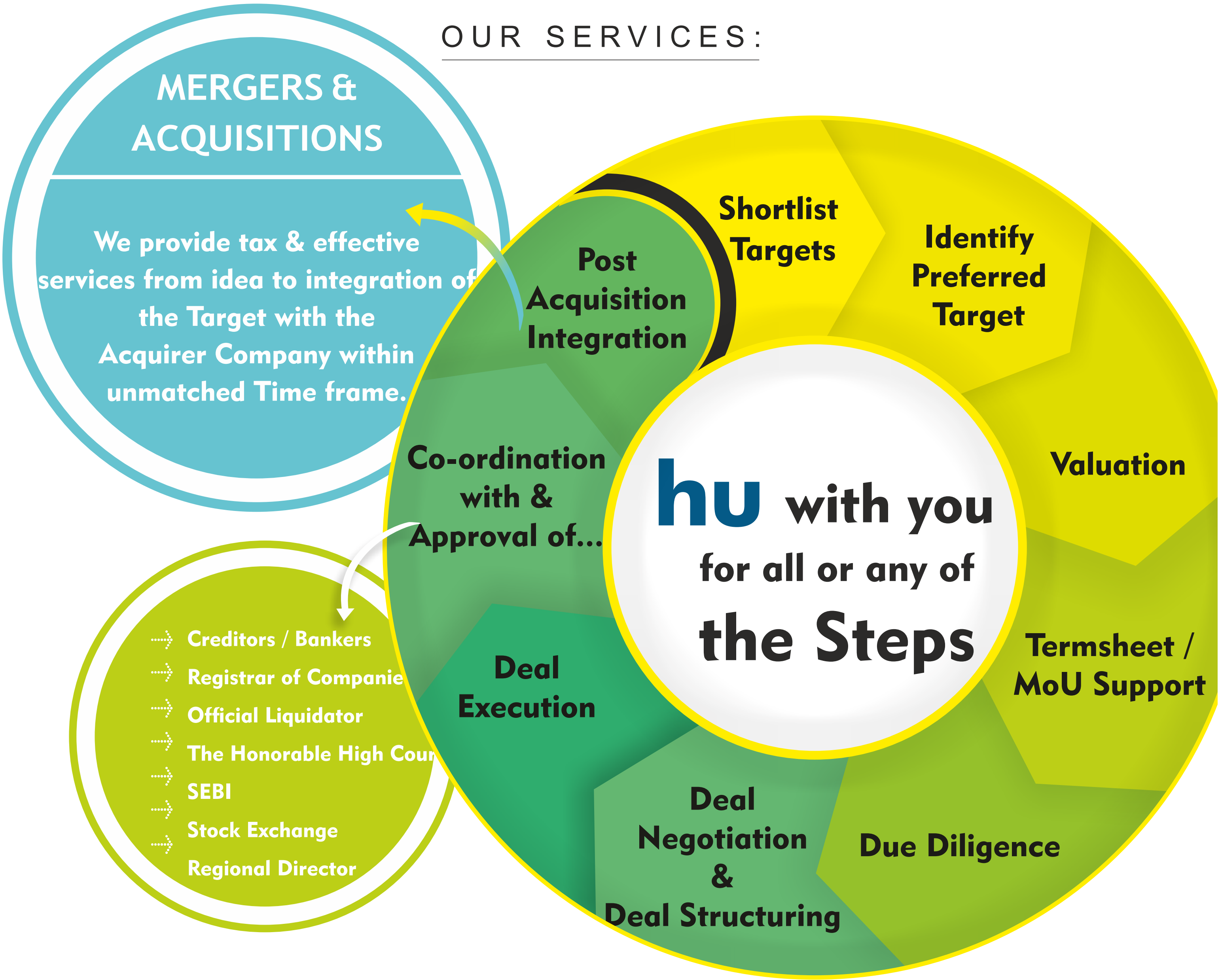

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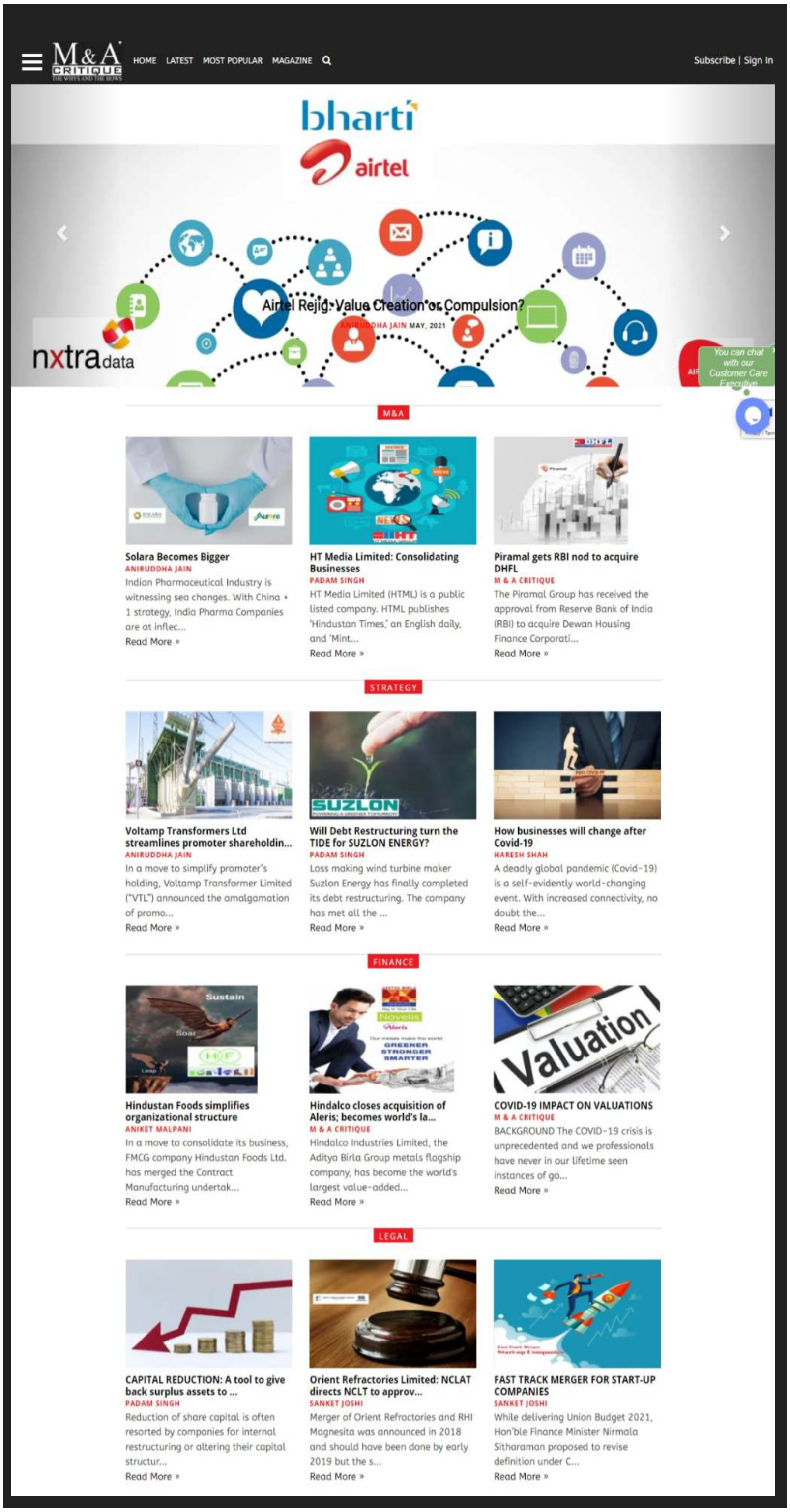

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